

**ASSEMBLY BILL**

**No. 2329**

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**Introduced by Assembly Member Melendez**

February 21, 2014

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An act to add Section 17132.9 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2329, as introduced, Melendez. Personal Income Tax Law: exclusion: military veterans: combat zone compensation and disability retirement payments.

The Personal Income Tax Law provides various exclusions from gross income in determining tax liability, including an exclusion for death benefit payments received by a surviving spouse or other beneficiary designated by a military veteran, as prescribed, who dies or is killed in the performance of duty, as provided.

This bill would, for taxable years beginning on or after January 1, 2015, exclude from gross income, as provided, Combat-Related Special Compensation and Concurrent Retirement and Disability Pay payments received by an eligible individual, as defined.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17132.9 is added to the Revenue and
- 2 Taxation Code, to read:

1 17132.9. (a) For each taxable year beginning on or after  
2 January 1, 2015, gross income shall not include Combat-Related  
3 Special Compensation or Concurrent Retirement and Disability  
4 Pay payments received by an eligible individual during the taxable  
5 year.

6 (b) For purposes of this section:

7 (1) "Combat-Related Special Compensation" means payments  
8 received by an eligible individual who performed service in a  
9 combat zone, as provided in Section 1413a of Title 10 of the United  
10 States Code.

11 (2) "Concurrent Retirement and Disability Pay" means payments  
12 received by an eligible individual who is retired and entitled to  
13 receive disability income, as provided in Section 1414 of Title 10  
14 of the United States Code.

15 (3) "Eligible individual" means an active, reserve, or retired  
16 member of the United States military who served in active duty.

17 (c) Nothing in this section shall be construed to create any  
18 inference with respect to the proper tax treatment of any  
19 Combat-Related Special Compensation or Concurrent Retirement  
20 and Disability Pay payments received before January 1, 2015.

21 SEC. 2. This act provides for a tax levy within the meaning  
22 of Article IV of the Constitution and shall go into immediate effect.